**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 990 [NW1120E]**

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**990. Mr D J Maynier (DA) to ask the Minister of Finance:**

What are the full details of the reprioritisation of funds for the 2016 Medium-Term Expenditure Framework, as highlighted on pages 57 and 58 of the 2016 Budget Review, in terms of (a) what amount of funds in Rands has been reprioritised from each (i) national department, (ii) province and (iii) municipality and (b) what percentage do the specified amounts in each case represent of funds reprioritised (i) at each level and (ii) of the total amount of funds reprioritised?

 NW1120E

**REPLY:**

The details of the reprioritisation of funds in the 2016 Medium-Term Expenditure Framework, subsequent to the aggregates tabled in the 2015 Medium-Term Budget Policy Statement are set out below.

**(a)(i) Amounts reprioritised from national departments:**



1. *As part of the reprioritisation exercise, the Department of Energy receives additional funding taken from the local government level: Integrated National Electrification Programme. This results in a net positive reprioritisation of R87.2 million in 2016/17.*

 **(a)(ii) Amounts reprioritised from provinces:**

The provincial department-specific impact of the provincial equitable share reprioritisation is determined through separate provincial-own budgetary processes and legislative approval. Thus the details for each province were not known at the time of tabling the 2016 national budget; however the aggregate provincial reprioritisation was. The provincial equitable share reprioritisation per province is shown in the table below.

**Provincial equitable share:**



The amount reduced from grant allocations to each recipient province was determined by the department that acts as the national transferring officer. The effect of grant reductions on provincial aggregates is shown in the table below and is informed by the respective allocation criteria for each individual grant. Details of allocation criteria are provided in the respective conditional grant frameworks for each grant as contained in 2016 Division of Revenue Bill.

**Provincial conditional grants:**



**(a)(iii) Amounts reprioritised from municipalities:**

**Local government equitable share:**

The impact on municipalities of the R1.8 billion in reprioritisation of the local government equitable share over the MTEF is not shown separately per municipality, as many factors influenced these allocations. These are set out in the Explanatory Memorandum to the Division of Revenue (Annexure W1 to the Division of Revenue Bill and the Budget Review). The allocations amount to 26.4 per cent of the local government level reprioritisation and 5.5 per cent of the total reprioritisation over the MTEF.

The changes affecting municipal allocations include data updates to variables in the local government equitable share formula; to account for changes in projected inflation, electricity and water bulk costs and household growth rates. Significant changes also resulted from the decision by the Municipal Demarcation Board to re-determine multiple municipal boundaries, including the merging of several municipalities. All new demarcations are reflected in the 2016 Division of Revenue Bill and therefore allocations for individual municipalities in the 2015 and 2016 Division of Revenue Bills are not directly comparable where demarcations have been changed. The allocations for Special Support for Councilor Remuneration and Ward Committees also changed as a result of the merging of some municipalities.

The amount reduced from grant allocations to each recipient municipality was determined by the department that acts as the transferring officer. The aggregate grant reductions for individual grants are shown in the table below and are informed by the respective allocation criteria for each individual grant. Details of allocation criteria are provided in the respective conditional grant frameworks for each grant as contained in 2016 Division of Revenue Bill.

**Local government conditional grants:**



**(b)(i) &**

**(b)(ii)** The percentage that each amount represents of the funds reprioritised in the sphere of government that it resides in is show in the tables above under (a)(i), (a)(ii) and (a)(iii). These tables above also show the percentage that funds represent of the total amount of reprioritisation over the MTEF.

 **Reprioritisation at each sphere of government as a percentage of the total:**

